

**Chang Wah Electromaterials Inc.**  
**Notice of 2024 Annual General Shareholders' Meeting**

Meeting Time: 10:00 A.M., May 31 (Fri.), 2024

Meeting Location: No. 2, Renfa 6th Rd., Renwu Dist., Kaohsiung City

Shareholder attendance registrations will be accepted starting from 9:30 A.M.

The registration place for attendance will be the same as the conference place.

**1. Conference Agenda**

**i. Status Reports**

- A. The Company's 2023 Annual Business Report
- B. Report by Audit Committee on review of the 2023 Annual Accounting Final Reports and Statements
- C. Report on the Distribution of Employees and Board Directors' Compensation
- D. Report on the 2023 Remuneration of Directors
- E. Report on the Earnings' Distribution
- F. Distribution of cash from capital surplus
- G. Report on the Company's Endorsement, Guarantee and Financings Provided to Other Parties
- H. Report on the Company's Investment in Mainland China
- I. Report on the Handling of Corporate Bonds
- J. Amendments of the "Rules of Procedure for Board of Directors' Meetings"
- K. Establish the "2023 Rules Governing the First-time Transfer of Repurchased Shares to Employees"
- L. Report on the resolution and execution of share repurchase
- M. The Descriptions of Proposals from shareholders

**ii. Matters for Ratification**

- A. Ratification of the 2023 Annual Business Report and the Financial Statements
- B. Ratification of 2023 Earnings Distribution Report

**iii. Matters for Discussions**

- A. Proposal for the issuance of employee restricted stock awards

**iv. Extempore Motions**

**2. The distribution of earnings for FY2023 by the Company is described in the table below:**

Dividends Year	Date Issues by the Directors' Meeting	Dividends paid to shareholders	Remarks
First Half of 2023	Nov. 7, 2023	NT\$ 372,288,060 (NT\$ 0.54042015 for each share)	The dividends were paid by the Company on Jan. 19, 2024.
Second Half of 2023	Mar. 12, 2024	NT\$ 1,374,844,664 (NT\$ 2 for each share)(Note)	The ex-dividend date for the payment of dividends will be otherwise specified by the Company.

Note :

- i. Cash dividends: The overall cash dividend amounts to NT\$1,116,269,447 dollars at NT\$1.62384810 per share.

- ii. Distribute cash out of capital surplus: The overall cash dividend amounts to NT\$258,575,217 dollars at NT\$0.37615190 per share.
- iii. If the number of outstanding shares or the payout ratio for each share changes due to repurchase of shares, transfer or writing-off of treasury shares, or the transition of convertible corporate bonds, the chairperson shall be authorized to handle all affairs related to the change in the payout ratio of dividends for shareholders.
3. If there are issues related to Article 172 of the Company Act in the main contents of the shareholder's meeting, shareholders can find the details from Market Observation Post System. (<https://mops.twse.com.tw/mops/web/index>), enter the securities code to select an e-book, then choose annual financial and stockholders' report.
4. Pursuant to Article 165 of the Company Act, the shareholder register will be closed from April 2, 2024 to May 31, 2024.
5. A meeting notice with a proxy form will be posted to each shareholder. If a shareholder is attending the shareholders' meeting in person, please bring the signed or stamped sign-in card and present it at the check-in desk on the meeting date. In the case that an agent is entrusted to attend the meeting, the shareholder shall sign or stamp on the proxy form and personally fill out the name and address of the agent, then deliver the proxy form to the Transfer Agency Department of SinoPac Securities prior at least 5 days to the meeting date. The sign-in card for the agent will be posted accordingly.
6. In order to verify the identity, a shareholder, a proxy solicitor, or an agent should present the ID card for check-in.
7. In case that there is any shareholder soliciting proxies, the Company will compile a summary statement of the Solicitor Solicitation Information and disclose the information on the Securities & Futures Institute (SFI) website by April 30, 2024. Shareholders may enter SFI's website (<https://free.sfi.org.tw>) for inquiries.
8. Stockholders may exercise their voting rights through the STOCKSERVICES platform of Taiwan Depository & Clearing Corporation (<https://www.stockservices.tdcc.com.tw>) during the period from May 1, 2024 to May 28, 2024.
9. The Transfer Proxy Agency Department of SinoPac Securities is the statistical tallying and verification institution for this annual stockholder meeting.
10. These regulations shall be abided and applied.

Sincerely,  
Board of Directors  
Chang Wah Electromaterials Inc.

【Attachment】 Details of the Restricted Stock Awards are as follows:

1. To attract and retain professional talents, motivate employees as well as improve employee loyalty in order to jointly create more profits for the Company and shareholders, and align employee interests with shareholder interests, the Company proposes to issue employee restricted stock awards (RSAs) pursuant to Article 267 of the Company Act and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” released by the Financial Supervisory Commission.
2. Details of the RSAs are as follows:
  - (1) Total amount issued: The total amount issued equals NT\$5 million, where the Company plans to issue 5,000 thousand shares with a par value of NT\$1 per share.
  - (2) Terms of issuance:
    - A. Issue price: The RSAs are free of charge.
    - B. Vesting conditions:
      - a. The RSAs granted to employees are vested if the employees have remained employed by the Company on the vesting dates; have not violated the employment contract, work rules, confidentiality agreement, and non-compete restrictions during the period; and have achieved personal performance targets set by the Company and the Company’s business targets. The vesting schedule and the ratio of shares to be vested are set out below:

Have remained employed three years from the grant date and the individual as well the Company have met the performance and business targets: 20%.

Have remained employed four years from the grant date and the individual as well the Company have met the performance and business targets: 30%.

Have remained employed five years from the grant date and the individual as well the Company have met the performance and business targets: 50%.
      - b. Performance targets for individuals are set by the chairman for individual employees in each department. As for the Company’s business targets, the return on equity (ROE), earnings per share (EPS) and the corporate governance evaluation rankings are adopted as performance indicators. The weightings and target conditions of each indicator are listed below. Targets are set for each indicator. The number of shares vested for the year is calculated based on the corresponding weighting ratios of indicators with targets achieved; otherwise, the corresponding weighting ratio is 0%. ROE and EPS are calculated based on the audited consolidated financial statements for the year prior to the vesting date. The corporate governance evaluation rankings are based on the results produced by the Corporate Governance Evaluation System for the year prior to the vesting date.

Performance Indicator	Weighting	Target
ROE (%)	40%	Above 60% of the Company’s average of the previous three years (Note 1)
EPS	40%	Above 80% of the Company’s average of the previous three years (Note 2)
Corporate governance evaluation ranking	20%	Ranked in the top 50% of listed companies in the corporate governance evaluation

Note 1: Compare the results of performance indicators in the year of calculation to 60% of the average of the three preceding years (excluding the year of calculation).

Note 2: Compare the results of performance indicators in the year of calculation to 80% of the average of the three preceding years (excluding the year of calculation).

- c. Types of shares issued: New ordinary shares of the Company.
  - d. Measures taken when employees fail to meet the vesting conditions or in the event of inheritance: When employees fail to meet the vesting conditions, the Company would reclaim and cancel the RSAs without costs. For other circumstances, please refer to the Company's rules governing the RSA issuance.
- (3) Employee eligibility and the number of shares to be granted or subscribed:
- A. To safeguard shareholders' rights, the Company would manage the RSA plan prudently. Employees eligible to RSAs are limited to full-time regular employees of the Company and its affiliates as of the grant date who belong to one of the following categories:
    - a. Employees who are highly relevant to the Company's future strategies and developments;
    - b. Employees who have significant influence on business operation; or
    - c. Employees whose performance is of considerable value to the Company.
  - B. Employees to receive the RSAs and the number of RSAs granted are determined based on the distribution standards drawn up with consideration to employees' job levels, work performance, overall contributions, and other factors, as well as the Company's operational needs and business development strategies. Once determined by the chairman, the proposal is submitted to the Audit Committee and the Board of Directors for approval. However, for employees who are managerial officers or directors, the proposal shall be submitted to the Compensation Committee and the Board of Directors for approval.
  - C. The number of RSAs granted to individual employees is subject to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.
- (4) Reasons for the RSAs: To attract and retain talents needed by the Company, motivate employees as well as improve employee loyalty in order to jointly create profits for the Company and shareholders, and align employee interests with shareholder interests.
- (5) Estimated expenses: With the average closing price of the Company's ordinary shares of NT\$34.63 in January 2024, the maximum expense is estimated to be NT\$173,150 thousand if the vesting conditions are fulfilled for all RSAs. If RSAs are to be issued in early October of 2024, expenses are estimated to be NT\$9,400 thousand, NT\$41,845 thousand, NT\$41,845 thousand, NT\$39,251 thousand, NT\$27,384 thousand and NT\$13,425 thousand from 2024 to 2029, respectively.
- (6) Dilution on EPS: With 689,422,332 shares outstanding at present, the possible decreases in the Company's EPS are approximately NT\$0.01, NT\$0.06, NT\$0.06, NT\$0.06, NT\$0.04 and NT\$0.02 from 2024 to 2029, respectively. The dilutive effect on EPS is limited.
- (7) Other matters that may affect the shareholders' equity: Based on the assessment above, the dilutive effect on the Company's EPS in future years is limited and the RSAs shall have no material impact on shareholders' equity at present.
- (8) Restrictions on the rights to RSAs before the vesting conditions are fulfilled: Except for

inheritance, employees shall not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, unvested RSAs.

3. The RSAs issued may immediately be deposited into a stock trust custody account.
4. If amendments or corrections on the RSAs' terms and conditions are required due to instructions from the competent authorities, amendments to relevant laws and regulations, status of the financial market or the objective environment, it is proposed for the shareholders' meeting to grant full authority to the Board of Directors to handle relevant matters.
5. Restrictions, important terms and conditions or issues not covered with respect to the RSAs shall be managed according to relevant laws and regulations as well as issuance rules formulated by the Company.